

**C: APPLICATION COVER SHEET FOR SUSPENDED CULTURE**

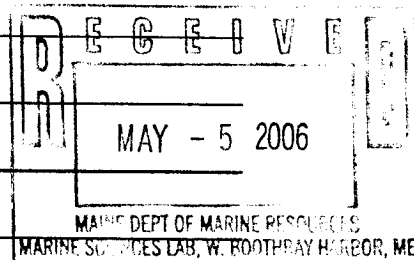
Name: Terry Gray doing business as Gray's Mussell Farm, LLC

Address: 110 West Side Drive

City: Verona Island

County: Hancock

State, zip: Maine, 04416



Telephone: business (207) 469-3436 home (207) 469-3436 cell \_\_\_\_\_

Email address: cgrayfamily2@msn.com

Date of Pre-application meeting: October 13, 2005

Date of Scoping Session: December 19, 2005

	<u>town</u>	<u>county</u>	<u>waterbody</u>
Location of lease site:	<u>Blue Hill</u>	<u>Hancock</u>	<u>Blue Hill Bay</u>

Additional description  
(e.g. south of B Island)

Total acreage requested: 6.00 acres  
(100-acre maximum)

Lease Term requested: ten years  
(10-year maximum)

Name of species to be cultivated, common and scientific names:

blue mussels, (*Mytilus edulis*)

Name, address and phone number of the source of seed stock, juveniles, smolts, etc., to be cultivated:

We plan to collect our own seed or possibly purchase it from Tight Rope SeaFarm (Evan Young)

\$1,000 application fee enclosed:

I hereby state that the information included in this application is true and correct and that I have read and understand the requirements of the Department's rules governing aquaculture.

Signature: Terry Gray

Date: 5/1/06

18 U.S.C. Section 1001 provides that: Whoever, in any manner within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals, or covers up any trick, scheme, or disguises a material fact or makes any false, fictitious or fraudulent statements or representations or makes or uses any false writing or document knowing same to contain any false, fictitious or fraudulent statements or entry, shall be fined not more than \$10,000 or imprisoned not more than five years or both.

# APPLICATION FOR A SUSPENDED AQUACULTURE LEASE Long Island Site

## 1. SITE LOCATION

### a. Vicinity Map

The proposed lease is located east of Long Island, Blue Hill Bay, town of Blue Hill, Hancock county, Maine (Figure 1). The proposed site incorporates and expands upon the existing experimental lease held by the applicant. The proposed site is located 1072 feet east of the northern end of Long Island.

### b. Plan View

The proposed lease is rectangular in shape (200' x 1307'), measuring 6.00 acres and is oriented in a N/S direction with the following boundaries: Points A-D are the corners of the lease starting at the northeastern most corner (point A) and proceeding clockwise to points B-D. The actual coordinates were determined using a WAAS DGPS (Wide Area Augmentation System Differential Global Positioning System receiver) (WGS-84 datum). Distance to shore was determined by scaling geographic coordinates using the MapTech Offshore Navigator mapping software package, WGS-84 datum). See Figures 2 - 4.

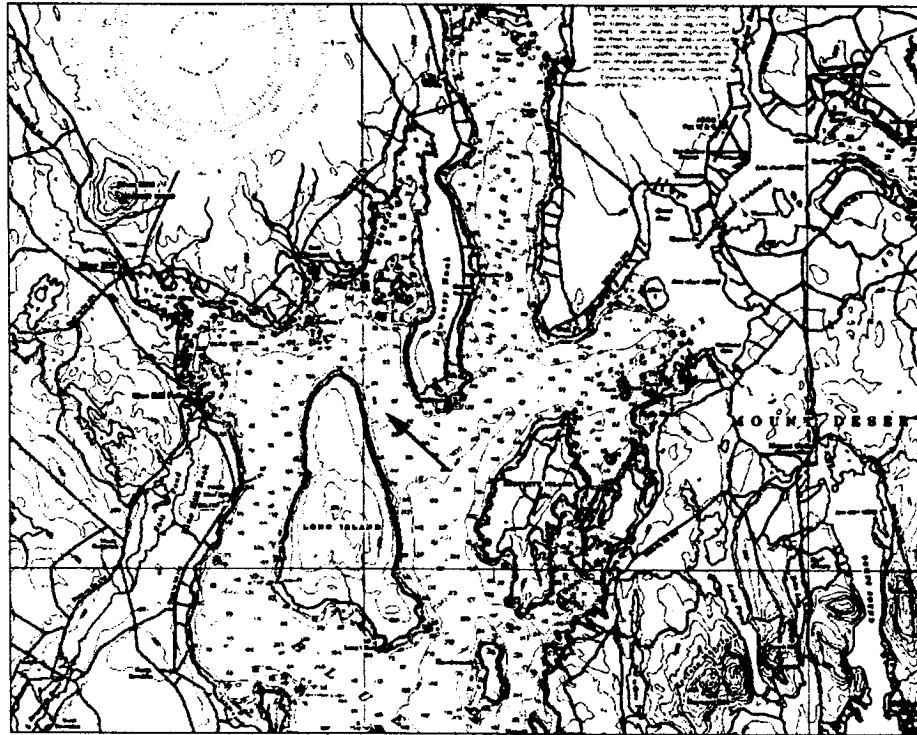


Figure 1. General map (NOAA Chart 13312) of the proposed lease in Blue Hill Bay, town of Blue Hill, Hancock county, Maine as indicated by the bold arrow.

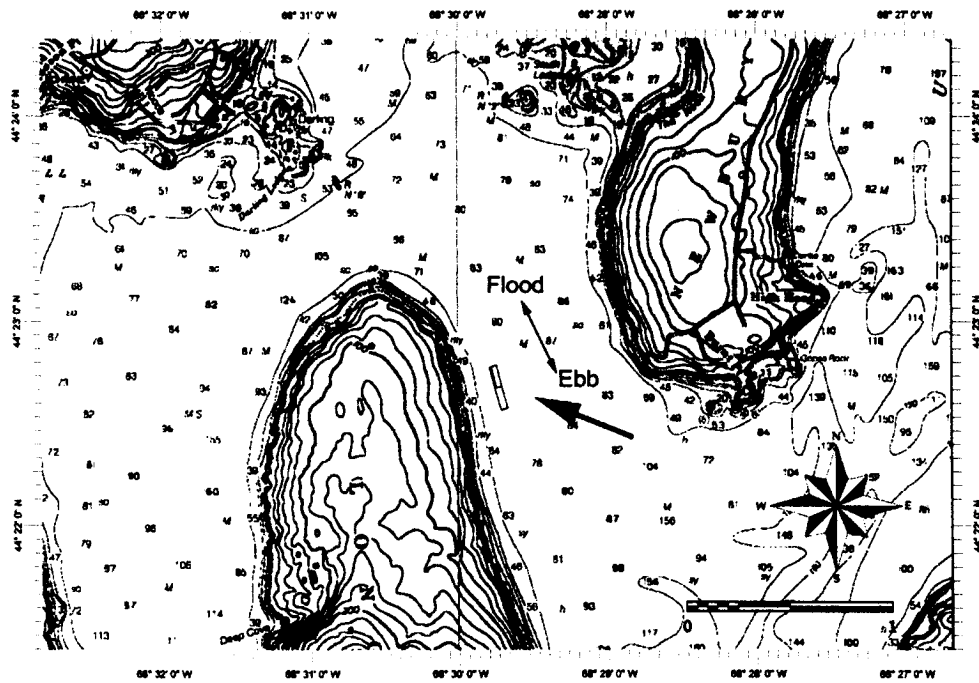


Figure 2. NOAA chart (No. 13316) indicating the proposed lease site (rectangular area) in Blue Hill Bay, town of Blue Hill, Hancock county, Maine as indicated by the bold arrow. The existing experimental lease is indicated as the rectangular area within the proposed 6 acre lease. Scale bar indicates 1 nautical mile. Compass rose indicates true north. Tidal flow is indicated.

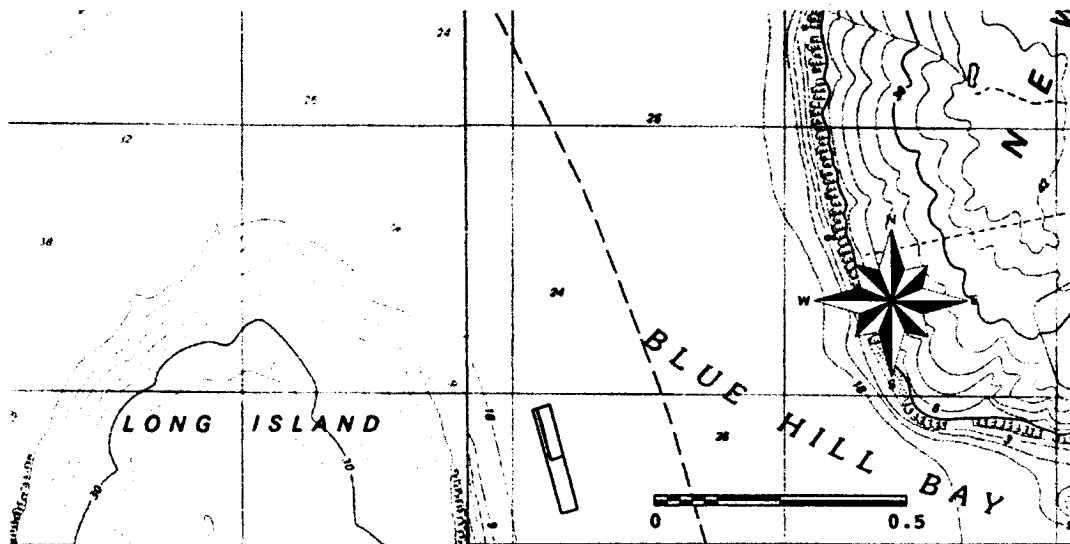


Figure 3. USGS topographic map (Newbury Neck and Blue Hill, Maine quadrangles) indicating the proposed lease site (rectangular area) in Blue Hill Bay, town of Blue Hill, Hancock county, Maine. The existing experimental lease is indicated as the rectangular area within the proposed 6 acre lease. Scale bar indicates 0.5 nautical miles. Compass rose indicates true north.

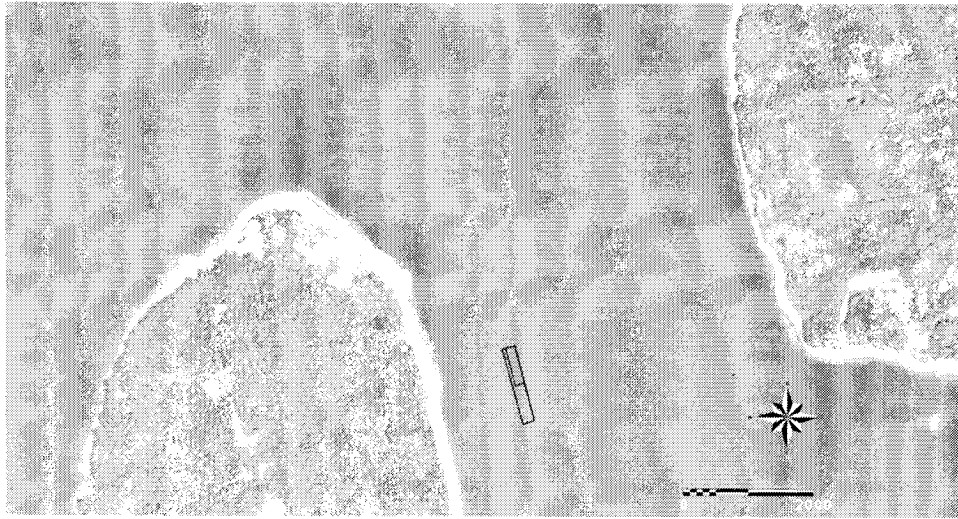


Figure 4. Aerial photograph indicating the proposed lease site (rectangular area) in Blue Hill Bay, town of Blue Hill, Hancock county, Maine. The existing experimental lease is indicated as the rectangular area within the proposed 6 acre lease. Scale bar indicates 2000 feet. Compass rose indicates true north.



Figure 5-A. Perspectives of Figures 5-B and 5-C photo renderings of the proposed mussel rafts.



Figure 5-B. Photo rendering of the proposed mussel raft site with maximum of six rafts deployed. Viewed from the westnorthwest.

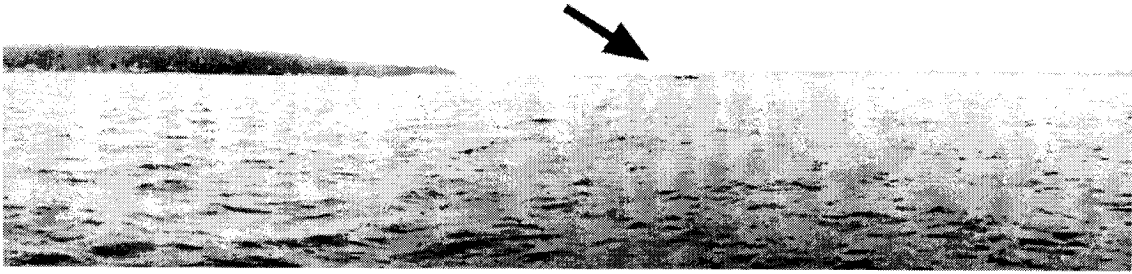


Figure 5-C. Photo rendering of the proposed mussel raft site. Viewed from the southeast.

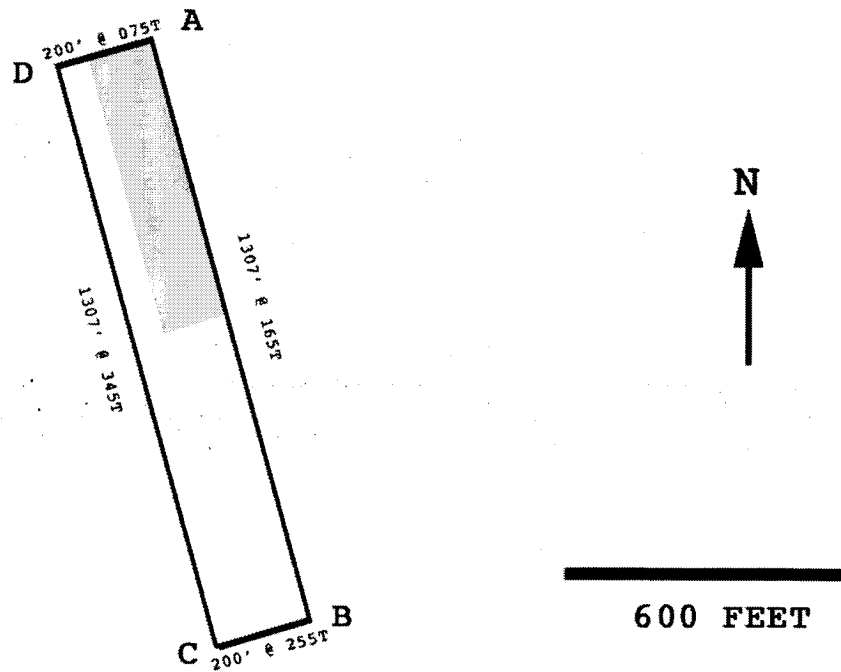


Figure 6. Boundary map of the proposed lease site. Letters at each corner refer to boundary description in Section 2.b.7 and 2.b.8. Scale bar indicates 600 feet. Metes and bounds (in feet and degrees true) are indicated. North arrow indicates true north. Shaded area indicates the location of the existing experimental lease.

- b.1. See Figures 1-6.
- b.2. See Figures 2, 3 (NOAA and USGS chart) indicating depth contours and high and low water marks on the adjacent land.
- b.3. The approximate maximum current velocity is  $18 \text{ cm}\cdot\text{sec}^{-1}$  and the mean current velocity is  $4.70 \text{ cm}\cdot\text{sec}^{-1}$  (see Figure 7). Current velocities were measured with an InterOcean Systems S4 current meter. The tidally driven current generally run in a N-S direction as indicated in Figure 2.
- b.4. See Figures.

b.5. See Figures.

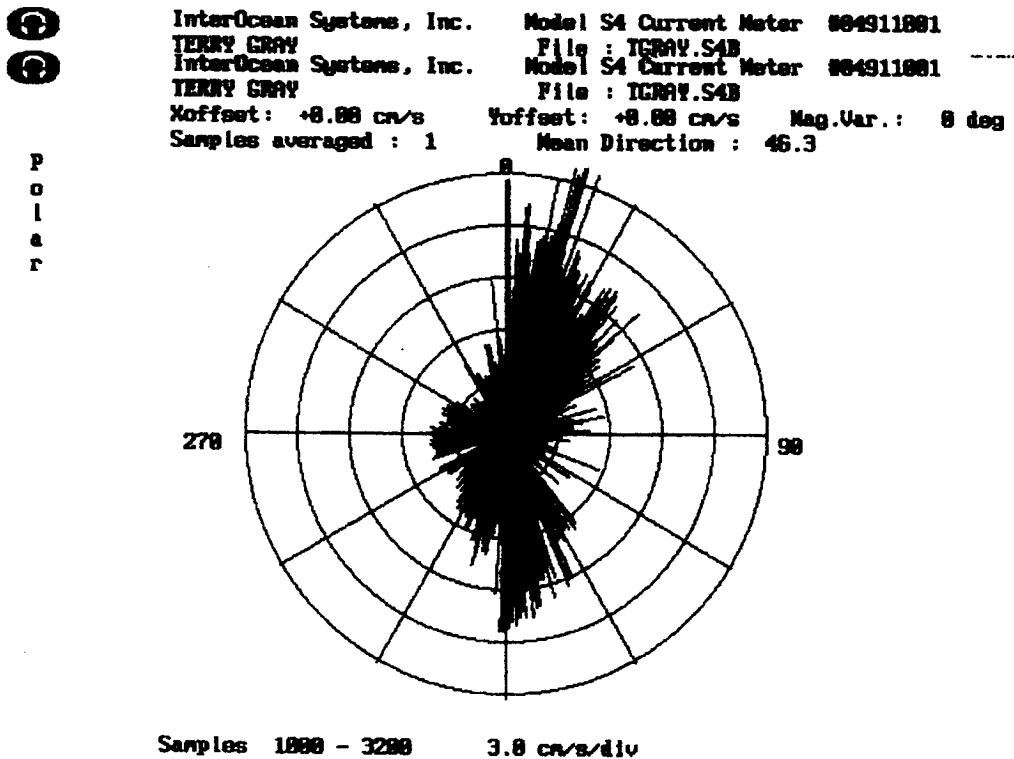
b.6a. See Figures 1-6 for the existing experimental aquaculture lease. No federal projects or structures or lie within 2000'. No state or federal beaches, parks or docking facilities lie within 1000 feet of the proposed site.

b.7. Latitude and longitude coordinates of the boundaries DD MM.MMM (also see Figure 6).

<b>Point A</b>	44° 22.740' N	68° 29.736' W
<b>Point B</b>	44° 22.528' N	68° 29.684' W
<b>Point C</b>	44° 22.523' N	68° 29.729' W
<b>Point D</b>	44° 22.734' N	68° 29.781' W

The metes and bounds for each corner are provided below (also see Figure 6).

Point A to point B	1307 feet bearing 165 degrees true
Point B to point C	200 feet bearing 255 degrees true
Point C to point D	1307 feet bearing 345 degrees true
Point D to point A	200 feet bearing 075 degrees true



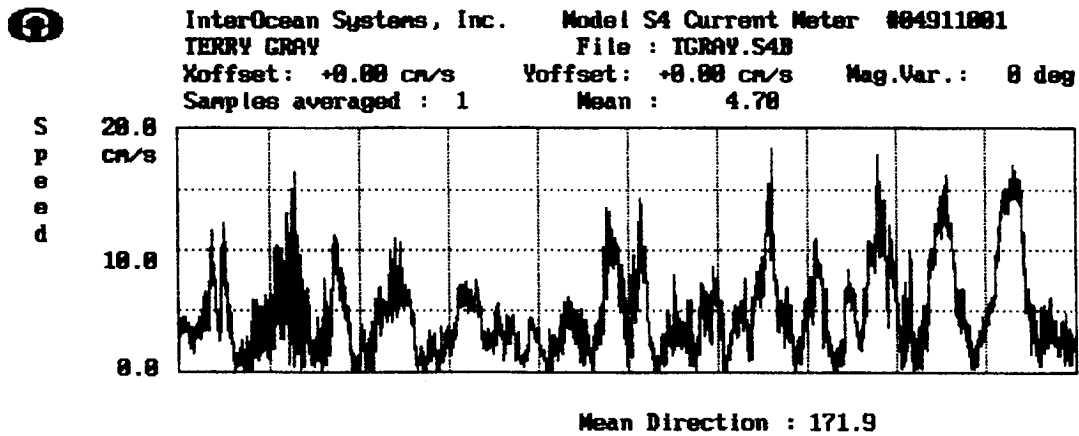


Figure 7. Plots of current velocity and direction at the proposed lease site.

## 2. SITE DEVELOPMENT

- a. Single Structure Schematic - Top View. See Figure 8. Each of the rafts will be a 40' x 40' Maine Mussel Raft. The rafts will be moored in a single row of up to six rafts, moored in two clusters of three rafts each. Each cluster of three rafts will be secured with 750 kilogram plow anchors (the mooring system is more completely described in subsection f. below). There will be 400 to 450 50 foot long dropper ropes suspended from each raft. The dropper ropes will have approximately 35 nine inch plastic pegs inserted through the braid of the rope spaced every foot. Each rope will also have a plastic cement filled weight case secured to the bottom. Each raft is comprised of three 3' x 40' pontoons (28 x 250 gallon foam-filled polyethylene floats held together with galvanized U-channel steel and threaded rod spaced every two floats) (refer to Figures 8 and 9). The pontoons are attached together with galvanized U-bolts to five 40' long galvanized steel I-beams. Wooden cross-beams (eighty 3" x 4" tamarak) are secured to flanges in the I-beams and will be notched approximately every 20" for the dropper ropes. Each cluster of three rafts will be secured together with three lengths of 1 1/8" to 1 1/4" steel chain.
- b. Single Structure Schematic – Cross Section. Please refer to Figure 9.
- c. Maximum Structure and Mooring System Schematic – Top View. Please refer to Figure 10.
- d. Maximum Structure and Mooring System Schematic – Cross Section. Please refer to Figure 11.
- e. On-Site Support Structures
  1. There will be no other structures moored on site.
  2. There are no plans for the storage of gasoline, oil or other hazardous materials on the proposed aquaculture lease.
  3. There are no plans for a sanitary facility on the aquaculture lease site.

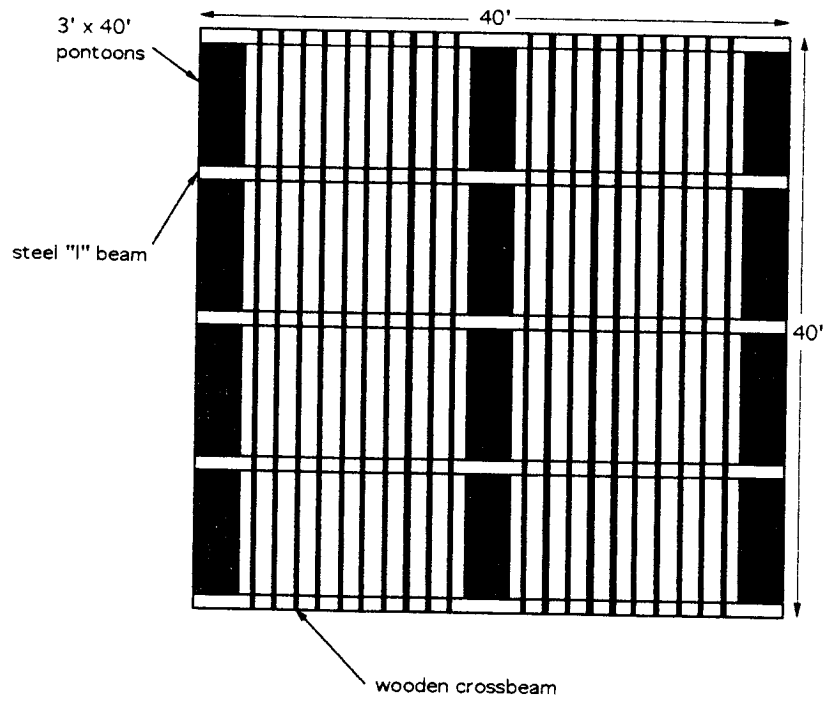


Figure 8. Plan view of a single 40' x 40' mussel raft. The foam-filled polyethylene pontoons are secured to one another by galvanized steel beams. Wooden crossbeams running parallel to the pontoons support the droppers.

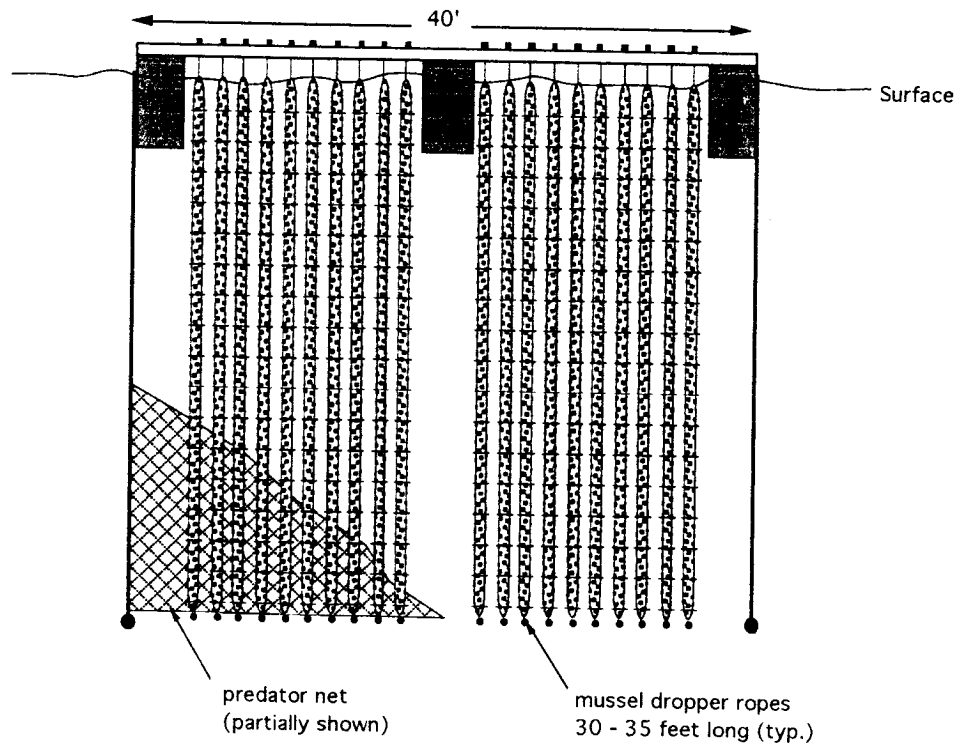


Figure 9. Cross sectional view through a typical 40' x 40' mussel raft, indicating the mussel droppers and the predator netting.



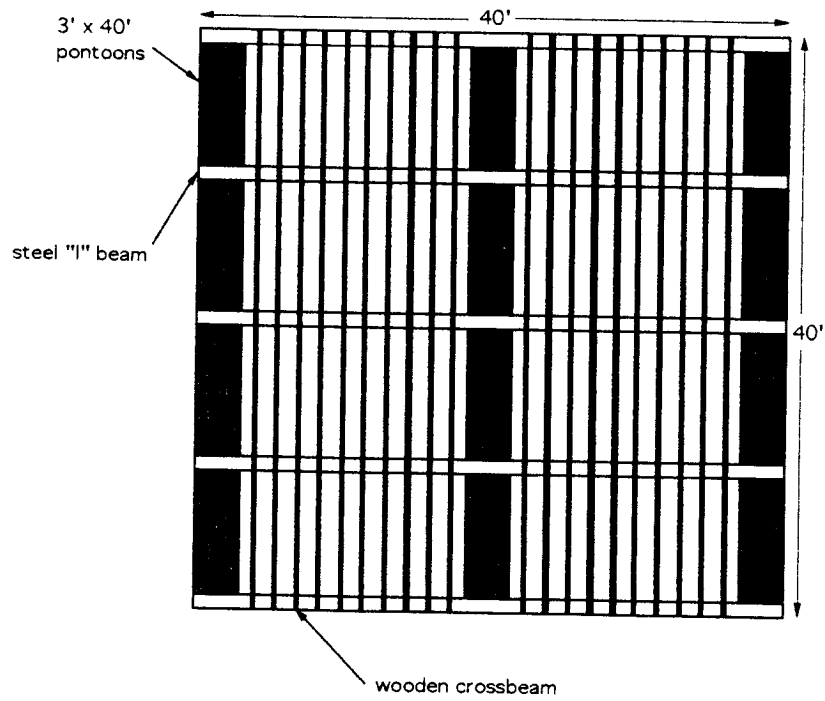


Figure 8. Plan view of a single 40' x 40' mussel raft. The foam-filled polyethylene pontoons are secured to one another by galvanized steel beams. Wooden crossbeams running parallel to the pontoons support the droppers.

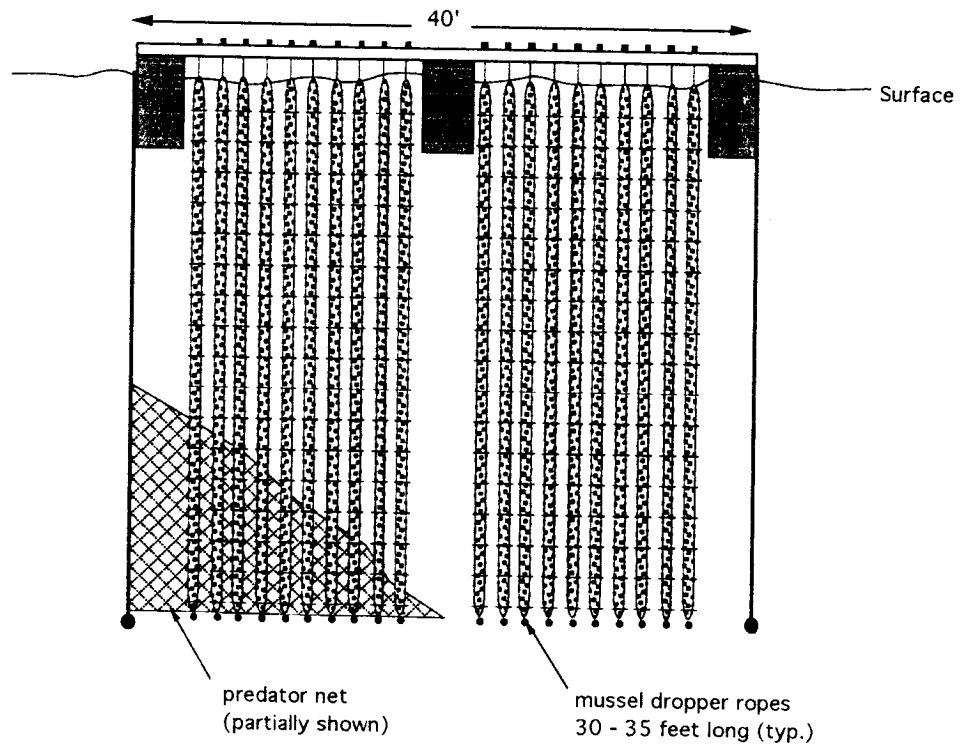


Figure 9. Cross sectional view through a typical 40' x 40' mussel raft, indicating the mussel droppers and the predator netting.

### Structure(s) and Mooring Array Schematic – Maximum Structure Array

The maximum area to be utilized by structures and moorings will be the 200' x 1307' of the proposed lease (see Figure 9).

g. Equipment Layout

See Figures 5A, 5B and 5C.

h. Gear Color

The mussel rafts are constructed of galvanized steel (gray in color), black polyethylene floats and wooden crossbeams (weathered gray in color). The perimeter of the raft will have black netting surrounding it.

i. Marking

The applicant is aware of the DMR and USCG lease marking requirements and intends to mark the corners and boundaries of the lease according to these requirements.

## **3. OPERATIONS**

a. Production Activities

1. The crop to be cultivated blue mussels (*Mytilus edulis*). Regular monitoring of the lease will occur. This project is to grow mussels on a maximum of six fixed mussel rafts using rope suspension culture. The applicant plans to put up to four additional rafts on the site, although this may not occur for several years, depending on the success of the operation. The general plan is to stock the raft with seed mussels, and harvest after approximately one to 1.5 year. Thereafter, mussels will generally be seeded in October or May of each year. Mussel seed will be purchased from other growers in Maine (e.g. Tight Rope Seafarm) or will be collected on our own ropes suspended from one of the rafts. The culture techniques involve socking (using an AGUIN seed machine to attach the seed mussels to the rope) and harvesting. The socking machine wraps biodegradable cotton around the rope at densities of about 120-400 per foot of rope. On every foot of the rope there is a plastic dropper peg to prevent the mussels from sliding off. When harvesting occurs the ropes are lifted with a crane and basket, which hauls 3-4 ropes (about 1000 lbs. at a time) and the mussels are washed, separated, and graded for size. A typical day's harvest is about 1/10 of the raft and yields about 100 bushels (6,000 pounds) of high quality mussels at 40-60% meat yield (based on cooked meat wt./meat + shells). Total yield per raft per growing cycle will be 30,000 – 60,000 pounds (1000 bushels). The harvest vessel (*F/V Mumbles*) owned and operated by Aquaculture Harvesters LLC has been used to harvest in the past and may be used in the future. The *F/V Thunder Bay* is a 70 foot fishing boat with winches, mast and boom, a mussel grader, and a mussel socking machine. The vessel has mufflers on deck and on the main engine room. This vessel may be used for approximately four weeks per year to seed in the mussel rafts and approximately two weeks per year to tend predator nets and conduct other maintenance. The primary times the vessel will be used to seed in the rafts are approximately May and November. These are also the times the predator nets will most likely be tended." The applicant expects to visit the site 1-2 times

per week to both monitor and operate the farm, depending on the time of year. This will consist of one transit per day.

2. Startup production will consist of the two rafts currently being used on the site. Maximum production of the mussel farm will be based on up to six rafts as illustrated in figure 9. The maximum stocking density of the farm will be 1500 bushels per raft.

3. To the best of my knowledge the Maine mussel raft is the best available technology at this time. These rafts are used by the majority of the industry in Maine.

b. Noise and Light

The mussel rafts will have no powered equipment on board. The seeding and harvesting vessel, (F/V Mumbles) is equipped with hydraulically operated processing machinery including, an AUGIN mussel socking machine, harvest crane, mussel washers, graders etc. The hydraulic pump is driven by the main engine, located within the hull of the vessel and thus is very quiet in operation. The main engine has a muffler to reduce the noise from the exhaust. The socking machinery will be used once or twice a year, for several days at a time. The harvesting equipment will be used as needed to harvest the crop. No lights other than those required by the US Coast Guard will be used. Working beyond daylight hours would be very unusual and only if there is a crisis situation such as a mooring failure. The F/V Thunder Bay may also be operating at the site for the purposes of seeding, raft and predator net maintenance.

c. Upland Facilities or Holdings

There are currently no shoreside facilities associated with this planned aquaculture operation. Storage of unused gear will be on the applicants property. Water access will be made from either Pretty Marsh or South Blue Hill.

d. Current Operations

The site is currently being used to cultivate mussels.

#### **4. ENVIROMENTAL CHARACTERIZATION**

This site was selected for mussel cultivation for numerous reasons, including local hydrography and biological productivity, current regime, water quality, lack of severe exposure during storms. Plankton production appears to be more than adequate to support the anticipated biomass feeding requirements.

Depths range from 70 to 80 feet at MLW (figure 2). The bottom is comprised of soft mud. Currents are tidally driven, generally running in a north/south direction and less than 18 cm sec in velocity (figure 7). Mean current velocity is 4.70 cm sec. The mean tidal range in Blue Hill, 4 miles to the northwest, is 10 feet.

During a dive survey of the bottom, starfish and mussels (fallen from existing rafts) were observed. There are no beds of submerged aquatic vegetation (e.g. eelgrass).

The upland flora on the nearest shoreline (Long Island) consists of a mixed hardwood and softwood forest.

## **5. AREA RESOURCES**

### **a. Shellfish Beds, Fish Migration Routes and Submerged Vegetation Beds**

There are no known commercial shellfish beds, fish migration routes or submerged vegetation beds within the proposed aquaculture lease site. Some lobstering occurs in the area during the summer and fall. The site is in an approved area for the harvesting of shellfish.

### **b. Essential Habitats/Endangered Species**

The proposed site does not lie within an essential habitat as defined by the MDIF&W.

## **6. SURROUNDING AREA USE**

### **a. Riparian Property**

1. The proposed lease site is over 1000 feet from the nearest shore (see Figures 2, 3 and 4). The distance to shore was determined by WASS DGPS and also by scaling geographic coordinates using the DeLorme 3D TopoQuads mapping software package. (WGS-84 datum).
2. The proposed aquaculture activities will take place in the subtidal zone. There are no riparian owners within 1000' of the proposed lease site. The western boundary line of the proposed lease site lies 1072 feet from the Long Island shore.
3. Not applicable.
4. There are no wharves adjacent to the proposed tract. Even if riparian landowners were to construct wharves at some future date, the proposed tract is sufficiently far offshore so as not to interfere with their ingress or egress.

### **b. Existing Uses**

1. The proposed site lies nearly 1/4 mile from shore. The primary navigational channel runs to the east of the proposed tract, although there is sufficient room to navigate all around the site. During the summer months, approximately 20 - 30 vessels pass within 500 feet of this site per day. During the winter, vessel traffic near the site is nil.
2. The applicant requests rights to the surface waters for placement of mussel rafts for the cultivation of mussels to market size. Other uses such as recreational fishing, lobstering etc. should have no impact on the aquaculture activities and should not be limited.

3. There are no known mooring owners, fishermen or draggers who actively use the proposed site. There is no scalloping activity on this site. Lobster fishing occurs in the shallower waters between the site and Long Island.

c. Point Source Discharge

There are no point source discharges within 1000' for the proposed lease site.

**7. TECHNICAL CAPABILITY**

Mr. Gray has worked on the water in the commercial fisheries for the past 22 years. Furthermore, he has been operating mussel rafts at this site for the past three years.

**8. FINANCIAL CAPABILITY**

a. Financial Capability

The applicant is currently conducting a mussel raft operation on the site that consists of two mussel rafts. If this proposed lease is granted the applicant may add up to four additional rafts over the next several years. The majority of the expenses will be covered from ongoing sales of mussels.

b. Costs Estimates

Following are estimated capitalization costs during the startup phase of the proposed operation: Payments will be made from operating revenues of the existing two rafts plus future income from new rafts.

Moorings (maximum of 12 @ \$500/each)	6,000
6 mussel rafts 2 already under contract with Gem Mara Farms, LLC	108,000
misc. gear	5,000
boat (owned by applicant)	15,000
seed purchase (annual – 900 totes @ \$15/tote)	13,500
contingency	1,000
total	<hr/> 148,500

c. Other Lease Interests and Multiple Ownership

Experimental lease on this site (1.86 acres) in the name of Terry Gray.

d. Other Lease Interests and Multiple Ownership Continued

N/A

**A. Corporate Applicants**

1. Gray's Mussel Farm, LLC was formed November 8, 2004 in the state of Maine.

2. Terry Gray is the sole member and manager. His address is 110 West Side Dr. Verona Island, ME. 04416.
3. Terry Gray 110 West Side Dr. Verona Island, ME. 04416
4. The manager Terry Gray currently has a two acre limited purpose lease for the suspended culture of mussels in Blue Hill Bay. Lease # GRAYBHB3
5. N/A
6. N/A
7. The sole member and manager Terry Gray has never been arrested nor convicted of any marine resources or environmental protection laws.

## **9. OTHER REQUIREMENTS**

### **a. Performance Bond**

The applicant has read the MDMR Aquaculture Regulations chapter 2.40 and understands that upon issuance of a lease by the Maine DMR, he will be required to either open an escrow account or obtain a performance bond in the amount of \$5000. The applicant currently holds a performance bond and thus already meets this requirement.

### **b. Local Approvals**

See the attached letter from the Blue Hill Harbormaster.

### **c. U. S. Coast Guard**

The applicant has read the regulations pursuant to Private Aids to Navigation and is aware that private aids to navigation may be required.

### **d. Seed/Stock Source Confirmation**

Seed will come from within the State of Maine from Tight Rope Seafarm (Evan Young) in Blue Hill Falls or from on-site collectors. The applicant is aware of the state and federal laws pertaining to importation and transfers of mussels.

## **10. ANTICIPATED EMPLOYMENT OPPORTUNITY**

The initial number of employees will be 1-2 part-time workers during the seeding and harvest phase. As the business grows, it is anticipated that 2-3 part-time employees will be required when the farm reaches maximum production. Between the harvest and seeding operations, the applicant will be the sole employee.

To: Whom it may concern

From: Dennis Robertson Blue Hill, Maine Harbormaster

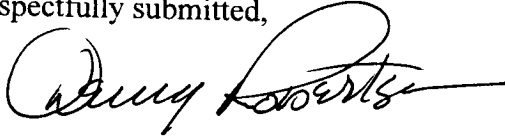
Date: 04/25/06

Having attended the hearing at Blue Hill Town Hall regarding aquaculture permit # BHB 3 to Terry Gray, 110 Westside Drive, Verona Maine 04416, located on the Northeast end of Long Island, I submit the following:

The applicant answered questions well and responded appropriately during the hearing, and had discussed his intent to increase the size of his lease with fishermen of the region requesting any concerns they might have, and the fact that the present facility has caused no adverse problems to fishing, recreating, or navigation, I see no reason his request should not be approved.

Should you have any questions please do not hesitate to call me at 207-374-5561.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dennis Robertson", with a stylized flourish extending from the end.

Dennis Robertson Harbormaster Town of Blue Hill



TERRELL B GRAY  
CARRIE L GRAY  
110 W SIDE DR  
VERONA, ME 04416-3109

Payment Due Date: 05/06/06

Billing Cycle Closing Date: 04/11/06

Last Statement Date: 03/11/06

Days in Billing Cycle: 030

**KEY EQUITY OPTIONS**  
**ACCOUNT 96196101667709 SUMMARY**

Previous Balance	Payment - Received	- Credits	Advances + And Debits*	+ Other Charges*	Total FINANCE CHARGES Due*	New Outstanding - Balance
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

AN AMOUNT FOLLOWED BY A MINUS SIGN (-) IS A CREDIT BALANCE UNLESS OTHERWISE INDICATED.

\*NOTE TO NEW CUSTOMERS: THE FINANCE CHARGES OR CLOSING COSTS FINANCED AS PART OF THE FIRST ADVANCE ON THE LINE ARE INCLUDED IN "OTHER CHARGES," NOT "ADVANCES AND DEBITS" OR "TOTAL FINANCE CHARGE" TOTALS. PLEASE SEE ACCOUNT TRANSACTION DETAIL FOR ITEMIZED CHARGES.

TO REPORT LOST OR STOLEN CHECKS CALL: 1-800-KEY2YOU (1-800-539-2968)

FOR INQUIRIES CALL: 1-800-KEY2YOU (1-800-539-2968)

Credit Limit \$30,000.00  
Available Credit\* \$30,000.00

Variable Principal \$0.00  
Fixed Principal \$0.00

DETACH HERE

**KEY EQUITY OPTIONS PAYMENT**

MAIL BOTTOM PORTION WITH PAYMENT TO ADDRESS SHOWN.

Account Number	Payment Due Date	Past Due Amount	Current Due Amount	Total Minimum Payment Due
[REDACTED]	05/06/06	\$0.00	\$0.00	\$0.00
				Amount Enclosed

TERRELL B GRAY  
CARRIE L GRAY  
110 W SIDE DR  
VERONA, ME 04416-3109



KEYBANK  
P.O. BOX 94955  
CLEVELAND, OH 44101-4955



Member FDIC

1961 SYYZB

19618080961961016677090000000000000004



**KEY EQUITY OPTIONS****VARIABLE RATE PORTION**

Account Number	Current Variable Portion Monthly Payment	Annual Percentage Rate
██████████	\$0.00	8.000%

Balance To Which Rate Applies	FINANCE CHARGES this period	Based on Avg. Daily Balance	Daily Periodic Rate	# of Days	Corresponding Annual Percentage Rate	Advance Fees
03/13 TO 04/11	\$0.00	\$0.00	0.02191781%	30	8.000%	\$0.00

YOUR ACCOUNT IS A VARIABLE RATE PLAN AND THE PERIODIC RATE AND CORRESPONDING APR MAY VARY.

**FIXED RATE OPTION**

Option Number	Original Amount	Original Date	Current Fixed Portion Monthly Payment	Annual Percentage Rate
001	\$15,050.00	04/30/02	\$0.00	6.500%

Balance To Which Rate Applies	FINANCE CHARGES this period	Based on Daily Balance	Daily Periodic Rate	Corresponding Annual Percentage Rate	Fixed Rate Option Fees
Fixed Rate Option#001	\$0.00	\$0.00	0.01780822%	6.500%	\$0.00

THE FINANCE CHARGE = DAILY BALANCE x NUMBER OF DAYS IN BILLING CYCLE x DAILY PERIODIC RATE.

SEE DISCLOSURE FOR IMPORTANT INFORMATION.

SEND BILLING ERROR INQUIRIES AND/OR DISPUTED BALANCE COMMUNICATIONS TO: KEYBANK, P.O. BOX 5788, ATTN: CLIENT SERVICES, CLEVELAND, OH 44101-0788

████████████████████

**DOMESTIC  
LIMITED LIABILITY COMPANY  
STATE OF MAINE  
ARTICLES OF ORGANIZATION OF  
LIMITED LIABILITY COMPANY**

(Mark box only if applicable)

- ☐ This is a professional limited liability company\*\* formed pursuant to 13 MRSA Chapter 22-A to provide the following professional services:

(type of professional services)

**Filing Fee \$175.00**

File No. 20051290DC Pages 2  
Fee Paid \$ 175  
DCN 2043131400036 LTLC  
FILED  
11/08/2004

  
Deputy Secretary of State

A True Copy When Attested By Signature

Deputy Secretary of State

Pursuant to 31 MRSA §622, the undersigned executes and delivers the following Articles of Organization of Limited Liability Company:

**FIRST:** The name of the limited liability company is

**GRAY'S MUSSEL FARM, LLC**

(The name must contain one of the following: "Limited Liability Company", "L.L.C." or "LLC"; 31 MRSA §603-A.1)

**SECOND:** The name of its Registered Agent, an individual Maine resident or a corporation, foreign or domestic, authorized to do business or carry on activities in Maine, and the address of the registered office shall be:

**TERRELL GRAY**

(name)

**110 WESTSIDE DRIVE**

(physical location - street (not P.O. Box), city, state and zip code)

**VERONA ISLAND, ME 04416**

(mailing address if different from above)

**THIRD:** ("X" one box only)

☐

A. The management of the company is vested in a member or members.

☒

B. 1. The management of the company is vested in a manager or managers. The minimum number shall be 1 managers and the maximum number shall be 1 managers.

2. If the initial managers have been selected, the name and business, residence or mailing address of each manager is:

Name

Address

☐

Names and addresses of additional managers are attached hereto as Exhibit \_\_\_\_\_, and made a part hereof.

**FOURTH:** Other provisions of these articles, if any, that the members determine to include are set forth in Exhibit \_\_\_\_\_ attached hereto and made a part hereof.

FORM NO. MLLC-6 (1 of 2)

Organizer(s)\*

Terrell Gray  
(signature)

(signature)

(signature)

DATED OCTOBER 25, 2004

TERRELL GRAY

(type or print name)

(type or print name)

(type or print name)

**For Organizer(s) which are Entities**

Name of Entity \_\_\_\_\_

By \_\_\_\_\_

(authorized signature)

(type or print name and capacity)

Name of Entity \_\_\_\_\_

By \_\_\_\_\_

(authorized signature)

(type or print name and capacity)

Name of Entity \_\_\_\_\_

By \_\_\_\_\_

(authorized signature)

(type or print name and capacity)

**Acceptance of Appointment of Registered Agent**

The undersigned hereby accepts the appointment as registered agent for the above-named limited liability company.

Registered Agent

Terrell Gray  
(signature)

DATED OCTOBER 25, 2004

TERRELL GRAY

(type or print name)

**For Registered Agent which is a Corporation**

Name of Corporation \_\_\_\_\_

By \_\_\_\_\_

(authorized signature)

(type or print name and capacity)

Note: If the registered agent does not sign, Form MLLC-18 (31 MRSA §607.2) must accompany this document.

\*\*Examples of professional service corporations are accountants, attorneys, chiropractors, dentists, registered nurses and veterinarians. (This is not an inclusive list - see 13 MRSA §723.7)

\*Articles MUST be signed by:

- (1) all organizers OR
- (2) any duly authorized person.

The execution of this certificate constitutes an oath or affirmation under the penalties of false swearing under 17-A MRSA §453.

Please remit your payment made payable to the Maine Secretary of State.

SUBMIT COMPLETED FORMS TO: CORPORATE EXAMINING SECTION, SECRETARY OF STATE,  
101 STATE HOUSE STATION, AUGUSTA, ME 04333-0101

FORM NO. MLLC-6 (2 of 2) Rev. 8/1/2004

TEL. (207) 624-7740

***OPERATING AGREEMENT  
OF  
GRAY'S MUSSEL FARM, LLC***

This Operating Agreement is entered into as of November 8, 2004, by and between **GRAY'S MUSSEL FARM, LLC** (the "Company"), a Maine limited liability company formed under the Maine Limited Liability Company Act, 31 M.R.S.A. Sections 601 et seq. (the "Act") and **TERRELL GRAY**, of Verona Island, Maine, (the "sole Member").

**ARTICLE 1  
BUSINESS**

The Company is formed for the purpose of owning and operating a mussel farm, and engaging in any other business permitted under Maine law and approved by the sole Member ("Business"). The Company, acting through its sole Manager, shall have all authority and powers necessary or convenient to carry out its business. The Company's principal business location shall be Verona Island, Maine, or such other location as the sole Manager shall select from time to time.

**ARTICLE 2  
MEMBERS**

The sole Member shall be Terrell Gray. No additional Members may be admitted without the written consent of the sole Member. As a condition to the admission of additional Members, the Members shall enter into a comprehensive operating agreement relative to their respective rights and obligations, including, as appropriate, waiver of the Act's default rules relative to per capita voting and per capita distributions.

**ARTICLE 3  
MEMBERSHIP INTERESTS; CAPITAL CONTRIBUTIONS**

The sole Member shall make an initial cash contribution to the Company of One Thousand Dollars (\$1,000.00). The sole Member shall not be obligated to make any additional contribution to the Company. The sole Member shall own one hundred percent (100%) of the interests of the Company ("Membership Interest").

**ARTICLE 4  
LIABILITY**

No Member shall have any liability for the debts and obligations of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of the Business and affairs under this Agreement or

the Act shall not be grounds for imposing personal liability on the Member for liabilities of the Company.

**ARTICLE 5**  
**PROFITS, LOSSES AND DISTRIBUTIONS; CAPITAL ACCOUNTS**

**5.1 Allocations.** All profits, losses and distributions of cash or other property from the Company shall be allocated or distributed entirely to the sole Member in such manner as the Manager determines to be in the Company's best interest.

**5.2 Capital Account.** The Company shall maintain the sole Member's Capital Account in accordance with Section 704(b) of the Internal Revenue Code and the Treasury Regulations promulgated thereunder.

**ARTICLE 6**  
**MANAGEMENT**

**6.1 Authority.** The Company shall be managed by its Manager, and the Manager shall have full and exclusive authority to act on the Company's behalf. The initial Manager shall be Terrell Gray. The sole Member may appoint additional or substitute Managers at any time.

**6.2 Powers.** Without limitation, the Manager has authority to vote, transfer, assign, pledge, purchase, sell, mortgage, lease and dispose of real, personal and intangible property, hire employees, contract with third parties, borrow money, and pledge assets of the Company.

**ARTICLE 7**  
**TERM; DISSOLUTION**

**7.1 Term.** The Company shall exist perpetually until dissolved by consent of the sole Member or as otherwise provided under Maine law.

**7.2 Dissolution.** Upon the Company's dissolution, the Manager shall take all necessary actions to wind up the Company's affairs and shall make all appropriate filings with the Maine Secretary of State. The Company's existence continues until completion of the winding up of the Company's affairs, or until a decree dissolving the Company has been entered by a court of competent jurisdiction.

**ARTICLE 8**  
**WITHDRAWAL RIGHTS, SUCCESSORS**

Upon the occurrence of any of the events specified in Section 692 of the Act (including, without limitation, bankruptcy or insolvency, dissolution or voluntary or involuntary withdrawal as a Member), the withdrawing Member's successors and assigns

shall be entitled to all of the benefits of Membership. The withdrawal of a Member shall not cause dissolution of the Company.

## **ARTICLE 9** **INDEMNITY**

The doing of any act or the failure to do any act by a Manager or a Member, the effect which may cause or result in loss or damage to the Company or its property, shall not subject the Manager or Member to any personal liability to the Company, unless the Manager or Member is finally adjudicated (i) not to have acted honestly or in the reasonable belief that that person's action was in or not opposed to the best interests of the Company or its Members or, (ii) with respect to a criminal action or proceeding, to have had reasonable cause to believe that that person's conduct was unlawful. The Company shall indemnify the Manager and Member and make advances for expenses incurred in defense of claims of liability to the maximum extent permitted under the Act. The Company shall indemnify its non-Manager employees and agents to the fullest extent permitted by law, provided that such indemnification is first approved by the Manager, in the Manager's sole and absolute discretion. The right to indemnification under this Agreement shall be fully vested with respect to any matter.

## **ARTICLE 10** **MISCELLANEOUS**

**10.1 Registered Agent and Office.** The Registered Agent for the Company is Terrell Gray, and the business address of the Registered Agent is 110 Westside Drive, Verona Island, Maine 04416. The Manager may, from time to time, change the Registered Agent or the registered office through appropriate filings with the Secretary of State. In the event the Registered Agent ceases to act as such for any reason or the registered office shall change, the Manager shall promptly designate a replacement Registered Agent or file a notice of change of address, as the case may be.

**10.2 Accounting Period and Methods.** The Company's accounting period shall be the calendar year. The Company shall use such accounting methods as the Manager deems most advantageous.

**10.3 Records.** The Company shall maintain complete and accurate books and records of the Company's affairs. At a minimum, the Company shall maintain copies of its Articles of Organization and any Operating Agreement, with all amendments, current and past lists of all Members and their addresses, tax returns and financial statements for the past six years, consents or minutes of all meetings of the Members and all documents relative to any Member's obligations to contribute cash, property or services.

**10.4 Governing Law; Binding Effect.** This Agreement shall be governed by, and construed in accordance with Maine law. This Agreement is binding upon and inures to the benefit of the parties' successors and assigns.

**10.5 Amendments.** This Agreement and the Company's Articles of Organization may only be amended by written consent of the Sole Member. This Agreement constitutes an operating agreement under Maine law.

**GRAY'S MUSSEL FARM, LLC**

BY: Terrell B. Gray.  
Terrell Gray, Its Manager

Terrell B. Gray.  
**TERRELL GRAY**, Sole Member

47407